

# The Jobs Letter

No. 185

20 May 2003

Essential Information on an Essential Issue

## KEY

BUDGET 2003

\$56M EDUCATION AND  
TRAINING PACKAGE FOR  
YOUNG PEOPLE

COMMUNITY AND VOLUNTARY  
SECTOR OFFICE

STATISTICS THAT MATTER

- The 2003 Budget contains funding for a major package of initiatives to ensure **all young people** under 20 years of age are involved in **education, training or work** or other options by **2007**.

The \$56.6 million package includes: expanding the Gateway programme to 12,000 secondary school students a year; funding 2,500 additional Modern Apprenticeships annually; reintroducing student allowances for some 16 and 17 year olds; and introducing specialist programmes to help young people make the transition from school to training or work.

Last October, the government signed a Memorandum with the Mayors Taskforce for Jobs adopting the formal goal that *by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options which will lead to long term economic independence and well-being.*

The government estimates that up to **45,000 young people** between 15 and 19 years of age are **not in education or training**, and Prime Minister Helen Clark says she does not want this wastage of young people to continue. Clark: "This Budget package signals our firm intention to realise this goal."

Employment Minister Steve Maharey says that **too many young people** stop structured learning too soon and **lack the basic skills** needed in the modern workforce. He says the programmes being expanded in this Budget package will open up "a broader range of bridges" to recognise that school was not always the best learning environment for all young people. Maharey also points out that the government does not intend raising the school leaving age as part of this training strategy.

## DIARY

1 May 2003

American Airlines, the world's largest air carrier, begins a new round of redundancies and is expected to lay-off a further 7,000 staff.

2 May 2003

1,150 British workers lose their jobs as Corus, formerly British Steel, closes its Stockbridge plant in England.

The US unemployment rate rises to 6% as companies continue to shed staff. The US manufacturing sector has been cutting jobs for the last 33 months, the longest stretch of continuous manufacturing contraction since the mid-1940s.

- The Education and Training package is a good start toward solving youth unemployment, according to Christchurch Mayor and chairperson of the **Mayors Taskforce for Jobs, Garry Moore**. But Moore argues that "youth" doesn't stop at 19 years, and the Mayors Taskforce has been lobbying the government to stretch its goals by aiming to have all young people right up to 25 years old in work, education or training. Moore: "It is a dreadful signal to send to a young person that their only hope is to leave school and go on the dole. Unemployment is a safety net, not a lifestyle".
- The Education and Training Budget package involves (*all figures are for four years, unless stated*):
  - expanding the **Gateway** programme, which is currently being piloted in 63 schools, **to all 1-5 decile secondary schools** by 2007 (a total of 203 schools), meaning it will be available to some 12,000 students annually (\$23.6m);
  - **increasing** the number of **Modern Apprentices** from the current 5,000 to 7,500 from 2006 onwards (\$14.6m);
  - piloting an intensive support programme in the Auckland region for 100 young people annually who leave state care to help them live independently (\$7.1m);

# The Jobs Letter

## DIARY

5 May 2003

Winz and Food Processors Waimate are co-operating to provide a worker bus service between Timaru and Waimate to support the corn harvesting season.

Overdue student loan payments have risen from \$61 to \$81 million over the last year, and student loan borrowing has increased from \$4.5 billion to \$5.4 billion, according to the Inland Revenue Department. Nearly 400,000 people have student loans, the average amount being \$13,660.

Australian Treasurer Peter Costello says his upcoming Budget is not the tool for bringing down the country's unemployment rate. Costello: "Until you reform your industrial relations system, till you heighten the work incentives, till you take some of the burden off the employer's back, you are not going to make those kinds of inroads."

In Australia, a 12.1% fall in job ads last month puts the number of advertised vacancies back to 1994 levels. ANZ economist Saul Eslake predicts Australian unemployment to grow to 6.5% in the next few months.

An International Monetary Fund report says the New Zealand labour market is a key area where policy changes could potentially raise economic growth. It suggests that reducing disincentives for moving from welfare to work, tightening benefit requirements, and putting duration limits on benefits could help raise the labour force participation rate. The IMF report can be downloaded (44 kb) from [www.imf.org/external/np/sec/pn/2003/pn0357.htm](http://www.imf.org/external/np/sec/pn/2003/pn0357.htm)

- introducing regionalised programmes across the country **targeting early school leavers** to assist them to enter training, further education or paid employment (\$5.4m);
- expanding the support available to young people who have completed youth training programmes and are now in the workforce (\$3.7m);
- enabling 16 and 17 year olds who have completed year 13 at school to apply for student allowances (\$1.9m);
- piloting an individualised support programme for 30 young people in each of three communities in 2004 to test different ways of supporting them into work or further training (\$290,000).

- Fuller details of the Education and Training package in the Budget are available on the internet version of *The Jobs Letter* at [www.jobsletter.org.nz/jbl15810.htm](http://www.jobsletter.org.nz/jbl15810.htm)
- The Budget has allocated \$3.59 million (over four years) in new funding to **establish a Community and Voluntary Sector Office** later this year. Minister Tariana Turia says the aim of the office is to strengthen the relationship between community organisations and the government and provide a voice for the sector in government decision-making. Turia: "The office will provide a central policy point in the government for community and voluntary organisations, and provide cross-sectoral policy advice to promote the role of the community and voluntary sector in building strong and vibrant communities."
- The fact that the Community and Voluntary Sector Office is to be a **stand-alone office** has come as a surprise to some of those who have been working with the government on the proposals.

Tina Reid, executive director of the Federation of Voluntary Welfare Organisations, says that although there is not a lot of detail yet, it doesn't appear to her that what has been announced is a direct response to a call from the community. Reid is concerned that the office **may create a new layer** between the community sector and the policymakers. She fears that the community sector organisations will have to rely on the office to relay their feedback or concerns to the policymakers rather than being able to do this directly.

Reid believes a better model would be to put the new office and resources into the Community Policy Unit of the Ministry of Social Development. This would make those working in the office answerable to the same director as the policymakers and minimise the possibility of the community consultation processes being fragmented.

- Green MP **Sue Bradford** questions whether the Community and Voluntary Sector Office will be taken seriously by government departments and also warns there is a real danger that the new office will simply be another layer of policy analysts commenting from the sidelines.

Bradford: "How will the Office provide adequate accountability to the community and voluntary sector? Community groups have been burnt many times by poor experiences with public servants who do not understand the realities of the sector and whose personal capabilities are lower than the people they're purporting to support. I'm sure the community sector will be watching with close attention to see whether this new project will be any different."

(continued on page five)

# STATISTICS THAT MATTER

## ONE IN TWENTY PEOPLE OFFICIALLY UNEMPLOYED IN NZ

### OFFICIAL NUMBER OF UNEMPLOYED IN NZ

March 2003

99,000

Seasonally Adjusted

### OFFICIAL RATE OF UNEMPLOYED

March 2003

5.0%

OR ONE IN 20 PEOPLE

Seasonally Adjusted

### RISE IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

Dec 2002 — March 2003

1,000

### DROP IN LAST YEAR

March 2002 — March 2003

5,000

### PEOPLE REGISTERED AS JOBSEEKERS WITH MINISTRY OF SOCIAL DEVELOPMENT

(Formerly WINZ)

March 2003

149,451

### UNDEREMPLOYED

March 2003

96,600

(workers who are employed part time but would prefer to work more hours)

## GLOBAL

SPAIN	11.9%
FRANCE	9.1%
ITALY	9.0%
GERMANY	8.7%
CANADA	7.3%
OECD Average	7.0%
AUSTRALIA	6.2%
UNITED STATES	6.0%
JAPAN	5.4%
<b>NEW ZEALAND</b>	<b>5.0%</b>
BRITAIN	4.9%

## OFFICIALLY UNEMPLOYED

The official unemployed rates are an internationally recognised figure for unemployment based on the Household Labour Force Survey run by Statistics New Zealand. These are the latest figures for March 2003.

<b>NORTHLAND</b>	9.6%	or one in 10 people
<b>AUCKLAND</b>	4.6%	or one in 22 people
<b>WAIKATO</b>	5.5%	or one in 18 people
<b>BAY OF PLENTY</b>	7.5%	or one in 13 people
<b>GISBORNE-HAWKES BAY</b>	5.9%	or one in 17 people
<b>TARANAKI</b>	5.0%	or one in 20 people
<b>WANGANUI-MANAWATU</b>	4.7%	or one in 21 people
<b>WELLINGTON</b>	6.3%	or one in 16 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b>	3.5%	or one in 29 people
<b>CANTERBURY</b>	4.5%	or one in 22 people
<b>OTAGO</b>	5.9%	or one in 17 people
<b>SOUTHLAND</b>	3.3%	or one in 30 people

## EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ 1,895,000

March 2003

Seasonally Adjusted

### RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS

Dec 2002 — March 2003

9,000

### RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR

March 2002 — March 2003

28,000

### SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR

WHOLESALE & RETAIL TRADE, EDUCATION, HEALTH & COMMUNITY SERVICES, CONSTRUCTION, BUSINESS & FINANCIAL, AGRICULTURE, FORESTRY AND FISHING,

### SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR

MANUFACTURING, TRANSPORT, STORAGE & COMMUNICATION,

## FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL -TIME	PART-TIME
<b>MEN</b>	931,600 (90%)	108,300 (10%)
<b>WOMEN</b>	554,000 (64%)	304,400 (36%)
<b>TOTAL</b>	1,485,600	412,700
<b>OVERALL %</b>	78%	22%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 33,700

LOSS OF PART-TIME EMPLOYED IN THE PAST YEAR: 5,400

## REGIONS

### REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

Dec 2002 — March 2002

TARANAKI  
NELSON / MARLBOROUGH /  
TASMAN / WEST COAST  
SOUTHLAND

### REGIONS WITH A RISE IN UNEMPLOYMENT

NORTHLAND  
AUCKLAND  
GISBORNE / HAWKES BAY  
BAY OF PLENTY  
WANGANUI / MANAWATU  
WELLINGTON  
CANTERBURY  
OTAGO

A SPECIAL SUPPLEMENT TO

**THE JOBS LETTER**

18 MAY 2003

# ONE IN TWELVE PEOPLE OFFICIALLY JOBLESS IN NZ

## OFFICIAL NUMBER OF JOBLESS IN NZ

March 2003

174,600

## OFFICIAL RATE OF JOBLESS

March 2003

8.4%

OR ONE IN 12 PEOPLE

## RISE IN NUMBER OF JOBLESS IN LAST THREE MONTHS

Dec 2002 — March 2003

2,000

## DROP IN NUMBER OF JOBLESS IN LAST YEAR

March 2002 — March 2003

13,900

## THE JOBLESS FIGURES

According to Statistics NZ, the difference between the official "unemployment" figures and the "jobless" figures is that many of the people on the jobless measurement are available for work, but not actively seeking it.

The reasons for not actively seeking work range from people being discouraged because they lack the skills needed, or were the wrong age, or that the right work was not available in their area, or they were only looking for jobs in the newspaper. This measurement also includes those actively seeking work but not yet available for it.

A SPECIAL SUPPLEMENT TO

## THE JOBS LETTER

18 MAY 2003

# OFFICIALLY JOBLESS

## "Those Without a Job and Wanting a Job"

These are the statistics that are more commonly used by community workers and employment activists in New Zealand because they more accurately reflect the people who are their concern or clients. These "Jobless" figures are also based on the Household Labour Force Survey run by Statistics New Zealand, but include a wider definition of unemployment, usually referred to as "those without a job and wanting a job" ... (see note in side panel).

<b>NORTHLAND</b> .....	14.2%	..... or one in 7 people
<b>AUCKLAND</b> .....	7.3%	..... or one in 14 people
<b>WAIKATO</b> .....	9.6%	..... or one in 10 people
<b>BAY OF PLENTY</b> .....	13.2%	..... or one in 8 people
<b>GISBORNE-HAWKES BAY</b> .....	9.2%	..... or one in 11 people
<b>TARANAKI</b> .....	8.4%	..... or one in 12 people
<b>WANGANUI-MANAWATU</b> .....	6.3%	..... or one in 16 people
<b>WELLINGTON</b> .....	9.4%	..... or one in 11 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b> .....	5.9%	..... or one in 17 people
<b>CANTERBURY</b> .....	7.2%	..... or one in 14 people
<b>OTAGO</b> .....	10.4%	..... or one in 10 people
<b>SOUTHLAND</b> .....	4.8%	..... or one in 21 people

## AGE and LONG-TERM

<b>YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS</b>	15.8%
March 2003	one in 6 young people
<b>MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS</b>	3.7%
March 2003	one in 27 mature people
<b>LONG-TERM UNEMPLOYED (OVER 6 MONTHS)</b>	23,500
March 2003	24% or one in 4 of the unemployed
<b>LONGER-TERM UNEMPLOYED (OVER 2 YEARS)</b>	6,000
March 2003	6% or one in 17 of the unemployed
<b>VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS)</b>	1,300
March 2003	1% or one in 76 of the unemployed

## THE SCHEMES

Figures from Ministry of Social Development, Youth Affairs and Tertiary Education Commission (formerly Skill NZ)

<b>TASKFORCE GREEN</b> .....	522
<b>JOB PLUS</b> .....	3,782
<b>JOB PLUS MAORI</b> .....	111
<b>JOB CONNECTION</b> .....	95
<b>ENTERPRISE ALLOWANCE</b> .....	63
<b>ENTERPRISE ALLOWANCE WITH CAPITALISATION</b> .....	204
<b>TRAINING OPPORTUNITY SCHEME (TOPS)</b> .....	7,650
<b>YOUTH TRAINING (T.E.C.)</b> .....	5,315
<b>LIMITED SERVICE VOLUNTEERS (ARMY)</b> .....	103
<b>CONSERVATION CORPS</b> .....	1,468
<b>YOUTH SERVICE CORPS</b> .....	230
<b>ACTIVITY IN THE COMMUNITY</b> (still counted as unemployed) .....	986

## PARTICIPATION

### LABOUR FORCE PARTICIPATION RATE

March 2003

Seasonally Adjusted

62.2%

down from 66.9% last year

## RACE

### MAORI RATE OF UNEMPLOYMENT

March 2003

10.8%

OR ONE IN NINE PEOPLE

### PACIFIC ISLAND RATE OF UNEMPLOYMENT

March 2003

8.3%

OR ONE IN 12 PEOPLE

### NZ EUROPEAN RATE OF UNEMPLOYMENT

March 2003

4.1%

OR ONE IN 24 PEOPLE

# The Jobs Letter

## DIARY

6 May 2003

ACT MP Muriel Newman welcomes the IMF recommendations that we should tighten-up on welfare. She says welfare reform should be the government's key economic priority. Newman: "ACT has always called for tighter controls on welfare – including time limits, and the requirement for 40-hour work weeks of education, training or job search".

Muriel Newman is concerned that 37,200 people have transferred from the unemployment benefit to the non work-tested invalids or sickness benefits since 2000. Newman says the sickness benefit is for people who are sick, not for people who want to avoid the work-test.

The number of retail bank branch offices increased last year for the first time in 17 years. Kiwibank, which opened 279 branches, was responsible for almost all of the increase.

English language schools and foreign student apartments now occupy 20% of all rental space in Auckland's central business district. Foreign fee-paying students contributed \$1.7 billion to the NZ economy, making it the fourth largest export earner and may soon overtake the timber and fishing industries.

The Australian minimum wage rises 4% or \$17 per week.

US President George W Bush promises Australian PM John Howard a free-trade deal between the two countries by Christmas.

- Overall, Michael Cullen's Budget released last week contains **\$1.6 billion of new spending**. Education is taking a significant portion of this, along with Health and Economic Development.

While the government had a **\$4 billion surplus** this year, Minister of Finance Michael Cullen has refused to let his Ministers have a larger spend-up because he says he is wary that the surplus might disappear before the end of next year. Cullen says he is cautious because there are many ominous signs on both the international and local economic horizons — just the day before the Budget, Treasury warned that last year's economic growth of 4.4% may slow to as little as 1.9% in the coming year.

Cullen has **deferred any new financial assistance for low- and middle-income families** or other measures that groups like the Child Poverty action Group have been calling for. Cullen says these things may be looked at next year if the government surplus has been sustained. Even then, he cautions: "Next year's Budget is not going to be some great cornucopia of riches spread thickly far and wide".

- **Employment forecasts** — the Budget predicts **unemployment to rise to 5.5%** by the end of the financial year. Further on, the government expects unemployment to peak at 5.6% in 2004-05. The following year the rate should begin to drop and is predicted to be back to 5.2% in 2006-07.
  - **More teachers** — there will be an **extra 774 teachers** in schools additional to those needed for roll growth. Minister of Education Trevor Mallard says a \$164 million Budget package for teachers will put the government nearly halfway towards meeting the recommendations of a school staffing review which found schools in need of an extra 1850 teachers. Mallard also says the package will be more than enough to give secondary teachers the four hours a week student-free time they were promised in last year's pay deal. It also means some primary class sizes would drop.
  - **Student fees** — the Budget will not see fees slashed to \$1000, as students had optimistically hoped. Instead, the Government will end its three-year freeze on fees and introduce a fee "maxima" that defines the maximum fee levels that institutions can charge for about six or seven groups of qualifications. The *New Zealand Herald* comments that the "maxima" is not expected to change fees dramatically, and that universities see the measure as a rather patronising move by a government that believes it can make better decisions about fees than the university councils.
- Students organisations don't agree and say that the new fee regulations could see some degree course fees rise by \$1,000 per year. University Students Association co-president Fleur Fitzsimons warns that big fee rises are almost inevitable and this could signal a return to the days of conflict when university council fee-setting meetings were accompanied by student protests and occupations.
- **Housing** — 318 state houses will be built this year in addition to the nearly 3,000 state houses that were already scheduled for construction. And an extra 80 state houses are to be extended to accommodate larger families (\$100m); the modernisation of state houses will be accelerated (\$60m); **local government and "third sector"** groups are being encouraged to become **more involved in social housing** (\$63m); 77 community houses are to be built for community use (\$26m). Also, a two-year pilot first-home ownership mortgage insurance scheme is also expected to be rolled out later this year (\$5.3m).
  - **Importing skills** — the Immigration Service is being funded to shift from being a "passive recipient of immigration to being an **active**

# The Jobs Letter

## DIARY

7 May 2003

A lack of skilled workers has NZ's largest construction firm, Fletcher Construction, advertising for staff in Britain and South Africa. Fletcher's Peter Cowey says the company cannot find enough project managers and quantity surveyors locally.

Bernard Gillon of house building firm Jennian says that a shortage of plumbers, electricians, plasterers, joiners and bricklayers has meant his firm could build only 400 of the 623 houses it had been asked to build last year.

Minister of Immigration Lianne Dalziel says she is looking into addressing the skills shortages in the construction industry through changes to immigration policies.

The Masterton Land Trust is making 264 grants of \$600 each available to local students to attend any of NZ's 32 tertiary education institutions.

8 May 2003

The Australian unemployment rate drops from 6.2% to 6.1% as an increasing number of people opt out of participation in the workforce. The Australian economy has been losing jobs for the last three months.

The Australian Tourism Export Council says there has been a 25% decrease in tourist arrivals due to SARS. The downturn is expected to have a significant effect on the Australian economy because over 17% of country's workforce is employed in the tourist industry.

**recruiter of skills** and talent". The Service will enter new markets, including the United States, to actively recruit migrants it believes will help contribute to innovation and growth (\$49.2m).

- **Community internships** — following a two-year pilot, this Green Party initiative is to be increased to \$300,000 annually for 13 six-month internships. The Internships scheme supports placements from the public or private sector into community organisations who need their skills.

- **Childcare**— the number of hours of subsidised childcare available to low-income working parents has been increased from 37 hours to 50 hours a week. This will provide a more complete childcare arrangement which is used primarily by single parents re-entering the full-time workforce (\$59m).

- **Employment growth has been continuing** over the last quarter with a 0.5% increase in the number of jobs, and an increase of 1.5% over the year. Figures released by Statistics New Zealand showed little change to the unemployment rate (which has averaged 5.2% over the last two years) or to the number of people unemployed (which has hovered at around the 100,000). We include our regular *Statistics that Matter* summary in this issue. Some highlights:

- The **unemployment rate is now 5%** of the workforce, or 99,000 people. This is 1,000 more than last quarter but 5,000 fewer than at this time last year.

- Over the year, the unemployment rate for European/Pakeha fell slightly from 4.2% to 4.1%, the Pacific Island rate fell from 9.7% to 8.3% but the Maori rate stayed unchanged at 10.8%.

- The number of people on the unemployment register for longer-than six months dropped from 26,800 to 23,500 over the year.

- There were 28,000 jobs added to the New Zealand economy this past year. People aged 55 - 59 years got nearly half (13,600) of these new jobs.

- Full-time employment grew by 33,000 jobs (2.3%) for the year. Over the year there was a drop of 5,000 part-time jobs (-1.2%) even though the number of part-time jobs increased last quarter.

- There was a drop in the number of "under-employed" people from 106,000 to 96,000 over the year. These are people working part-time but who would prefer to work more hours.

- The labour force participation rate declined from 66.9% to 66.2% over the year

- The Council of Trade Unions (CTU) says the labour market is not responding with **pay increases to address labour and skill shortages**. With many industries starving for skilled workers and the country enjoying the lowest unemployment rate in 14 years, wages rose just 2.2% in the private sector last year, lagging behind the rate of inflation.

CTU secretary Paul Goulter says he has real concerns if these wage increases are as good as it gets. Goulter: "There are some fundamental problems in the labour market. Wages are 25% lower than in Australia, many workers are not covered by collective agreements, and women are paid 15% less than men on an hourly basis. If we are to get growth in GDP per capita to move into the top half of the OECD, then real wages need to rise."

- Unions say that up to 2,000 workers are taking home **less pay** because their hours have been cut back due to the current **high prices of electricity** during this winter's power crisis. The Engineers, Printing and Manufactur-

# The Jobs Letter

## DIARY

9 May 2003

Tourism NZ warns the industry to expect up to 50,000 fewer tourists to arrive in NZ over the next three months. The risk of contracting SARS is keeping thousands of would-be traveling Asians at home and Tourism NZ says that even Australian, British and US tourists are showing reluctance to travel.

11 May 2003

NZ job ads increased by 2.2% on last month but are still 4.4% lower than at this time last year. ANZ economist David Drage says the numbers indicate continuing employment growth, but at a slower rate than we have had during the last two years.

Industry NZ (INZ) has distributed \$43 million to businesses as a major feature of the Ministry of Economic Development's "jobs machine". INZ says that establishing whether new jobs can be attributed to its schemes is difficult, but the Ministry will soon provide indicators of economic performance regarding the scheme.

12 May 2003

70 Wellington jobs and 40 Auckland jobs go as insurer IAG New Zealand restructures its head office. The move will see 60 new jobs created in Christchurch.

13 May 2003

220 Methanex jobs and over 600 indirect jobs will be lost if the company mothballs its two petrochemical plants in Taranaki. The company says that until substantial new gas supplies can be found, the plants will be uneconomic.

More girls than boys achieved National Certificate of Educational Achievement last year. Girls also outnumbered boys in gaining top marks in Sixth Form Certificate and in earning A level Bursaries.

ers Union says that a dozen or so companies are **cutting overtime** or altering hours to try and counter soaring electricity prices. Examples: About 90 workers at Pacific Steel in Auckland have had their pay packets reduced by about \$200 per week due to changed rosters, and management at the company has told workers to expect the reduced hours to remain in place until at least the end of August. Pan Pac Forest Products in Hawkes Bay has asked its 350 workers to take annual leave for days the plant has closed due to peaking electricity prices and the 360 employees of logging contractors who service the Pan Pac mill have also been stood down on the days when the factory has shut. Carter Holt Harvey's paper mill in Kawarau has reduced overtime for its 286 workers.

- The Budget package promises to boost the **Modern Apprenticeships** programme to 7,500 places by 2006. But Simon Collins of the *New Zealand Herald* reports that rising wages in the trades and more government funding to apprenticeships are not enticing enough young people to satisfy industry demand.

Bruce Howat, of Apprentice Training NZ (which manages apprenticeships in the engineering industry), told the *Herald* that he has 80 listed vacancies which he cannot fill. Howat: "Informally, the number would be closer to 200 on the basis that if we had young people we could go and talk companies into taking on an apprentice."

Howat has observed that **many young people are ill-equipped** to start apprenticeships. He suspects this is because the amount of practical woodwork and metalwork in the new school technology curriculum has been reduced. And at home, opportunities to work with tools has been reduced because housing space does not allow for workshops and many children are in one-parent homes.

Howat also says it is hard to get young people to comprehend that a secure and solid **trade career** would set them up **for a better financial position** than a lot of other options. Although engineering apprentices might start on \$7 to \$8 an hour, they would earn between \$40,000 and \$45,000 a year at the end of their three-year training. Howat contrasts this with a recent *Herald* report that university graduates started on \$30,000-\$40,000 — with substantial student-loan debts.

- An Australian Senate committee has been told that industry-based **training schemes are being ripped off** by some unscrupulous employers. The Australian Council of Trade Unions president Sharan Burrow says she knows of cases in which existing staff had been signed over to government funded traineeships to learn skills they already had. She says she also knows of an employer who sacked an entire group of trainees before their training had finished but pocketed the full government funding.

Burrow claims that training rorts like these are common and that the training **schemes are dollar-driven** rather than skills driven and are not meeting workers' needs. Burrows: "Existing employees should have the benefit of a genuine assessment of their skills needs, instead of token training measures designed to attract government subsidies".

- The OECD warns that the world's wealthiest nations will **need to reverse their trend towards early worker retirement** or face a bleak future of growing labour shortages, slower growth and ballooning welfare costs. The OECD believes that most developed countries need to reform their pension and benefit systems, implement pay and employment practices that encourage older workers to stay in the workforce, and improve the opportunities for older workers to learn new skills.

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## DIARY

14 May 2003

Recruiting Russian teachers could help reduce the NZ teacher shortage according to Peter Wilkins of the Russia Education Export Network. Wilkins says Russia has highly trained, well-educated teachers. However, significant formal immigration issues would need to be overcome before Russian teachers would be allowed work permits by the NZ Immigration Service.

15 May 2003

Minister of Finance Michael Cullen releases the government's Budget for 2003-4.

The OECD plans to study 20 countries and has just released reports on Sweden and Belgium that evaluates and makes recommendations on the policies that influence the work and retirement decisions that older people make. New Zealand is not on the OECD study list, but Australia will come under the microscope.

- The Australian Council of Trade Unions and the Business Council of Australia are already working on the issue and have released a joint report that highlights the **massive social and economic impact of the aging Australian population**. The report says that over the past ten years there have been 1.4 million new entrants to the Australian workforce but between 2020 and 2030, only 120,000 new entrants are predicted to enter the workforce. By then, the number of working Australians supporting each retired person will have reduced from 6:1 to 3:1.

The report argues that significant cultural change is needed to break down stereotypes about older workers and retirement. The Business Council of Australia is developing voluntary guidelines to help companies identify and implement "best practices" to retain older workers.

— *Age Can Work: The Case For Older Australians Staying In The Workforce* by the ACTU and BCA, April 2003, can be downloaded (39kb) from <http://www.actu.asn.au/papers/agedoc.html>

## VOICES

### on the \$56M BUDGET EDUCATION AND TRAINING PACKAGE

"Bloody brilliant."

— **Garry Moore, chairperson of the Mayors Taskforce for Jobs**

"Giving young people a good start and building their skills is essential if they are to have the opportunity to move into meaningful employment. The Budget employment and training package targets the group of young people who neither enrol in tertiary study nor get a job after leaving school. Both the Labour and Progressive partners in the coalition government made firm manifesto commitments to work with this group of young people as matter of priority ..."

— **Helen Clark, Prime Minister**

"Many young people stop structured learning too soon and lack the basic skills needed in the modern workforce. We need to build up a broader range of bridges to work in recognition

*of the fact that school is not always the best learning environment for some young people."*

— **Steve Maharey, Minister of Social Services and Employment**

"Young people need to move quickly from school into work or training to ensure they have the best opportunity to start off on the right track for skills development and continued employment. The comprehensive \$56m package announced by the government gives our young people the support they need to start out in the workforce. Jobs and training are key to keeping youth on the right track for a positive and successful future."

— **Jim Anderton, Minister of Economic Development**

"For many young people the transition from school to work is problematic. This package of initiatives will reduce the number of people who slip through the gaps. These are smart policy interventions that work for young people. It is essential that we provide these workplace learning opportunities for young people to contribute to a successful and innovative knowledge society ..."

— **Marilyn Brady, Chairperson of the Industry Training Federation**

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